

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Finance (IF) Department – Regulation of deposits with Banks including Cooperative banks, Regional Rural Banks and Financial Institutions: Revised orders – Issued.

FINANCE (IF) DEPARTMENT

G.O.Ms.No. 124

Dated: 23.04.2009
Read the following:

- 1) G.O.Ms.No.30, Plg.(XXII) Dept., dt.23.08.2002.
- 2) G.O.Ms.No.32, Plg.(XXII) Dept., dt.07.10.2002.
- 3) G.O.Ms.No.43, Plg.(XXII) Dept., dt.20.12.2002.
- 4) G.O.Ms.No.04, Plg.(XXI) Dept., dt.16.03.2004.
- 5) G.O.Ms.No.215,Fin(IF) Dept., dt.20.07.2006

ORDER:

In the reference 1st cited, Government have issued revised orders by withdrawing all the orders issued earlier from time to time. Keeping in view the deregulation of the banking sector and new schemes that have been initiated by the Government, time is ripe to issue revised guidelines and conditions relating to placement of Government Funds with banking institutions. It has earlier been decided that the notified banks should participate in the priority sector lending as well as other social banking schemes of State Government.

2. Accordingly, fulfillment of the following conditions has been prescribed, in order to get qualified to be designated as a notified bank for the purpose of placement of funds of the Government Departments or Government Undertakings:

- I. The eligible banking institutions would all be Scheduled Banks (Public Sector and Private Sector) and Regional Rural Banks but exclude Urban Cooperative Banks.
- II. Minimum Net Worth of the banks should be Rs.300.00 Crores.
- III. Minimum Capital Adequacy Ratio (CAR) prescribed by the Reserve Bank of India (RBI) should be maintained by the bank.
- IV. Bank should lend under Priority Sector as per the norms stipulated by RBI. The bank should also participate in the lending programs sponsored by the Government as per the State Credit Plan / Annual Credit Plan of the State Government.
- V. The performance of the bank should, in general, be satisfactory particularly in the areas of NPA management, business growth and net profits.

3. Finance Department of the Government will, from time to time, be reviewing the criterion and the performance of the Notified banks/ institutions regarding fulfillment of obligations on their part as stipulated above and reviewing the list as and when felt necessary.

4. In the reference 1st to 5th read above, 43 Banks and 2 Corporations have been notified for maintenance of Government Accounts /Funds. The Committee constituted by the Government to examine the requests of the individual banks has favorably considered the appeal of "The Karnataka Bank Ltd" to include their name in the list of Notified Banks. With the inclusion of the said bank, the number of notified banks has gone up to 44.

5. Taking into consideration the existing guidelines, the following banks and Corporations have been notified by the Government, subject to the condition that the maximum extent upto which the Government funds can be placed shall be restricted to 20% of the net-worth of each bank/ financial institution (not applicable to Public- Sector/ Nationalized banks):

State Bank Group:

1. State Bank of India
2. State Bank of Hyderabad
3. State Bank of Travancore

Public Sector Banks:

4. Andhra Bank
5. Allahabad Bank
6. Bank of Baroda
7. Bank of India
8. Bank of Maharashtra
9. Canara Bank
10. Central Bank of India
11. Corporation Bank
12. Dena Bank
13. Indian Bank
14. Indian Overseas Bank
15. Oriental Bank of Commerce
16. Punjab National Bank
17. Punjab and Sindh Bank.
18. Syndicate Bank
19. UCO Bank
20. United Bank of India
21. Union Bank of India
22. Vijaya Bank

Regional Rural Banks:

23. AP. Grameena Vikas Bank
24. Andhra Pragathi Grameena Bank
25. Chaitanya Godavari Bank
26. Deccan Grameena Bank
27. Saptagiri Grameena Bank

Private Sector Banks:

28. Axis Bank Ltd
29. Development Credit Bank Ltd
30. HDFC Bank Ltd
31. ICICI Bank Ltd
32. IDBI Bank Ltd
33. Indus Ind Bank Ltd
34. ING Vysya Bank Ltd
35. The Catholic Syrian Bank Ltd
36. The Federal Bank Ltd
37. The Jammu & Kashmir Bank Ltd
38. The Karnataka Bank Ltd
39. The Karur Vysya Bank Ltd
40. The Lakshmi Vilas Bank Ltd
41. The South Indian Bank Ltd
42. The Taimlnadu Mercantile Bank Ltd

Cooperative Banks:

43. AP State Cooperative Bank Ltd (APCOB)
44. DCCB Ltd .Eluru (W.G.Dist)

Public Sector Corporations:

45. Andhra Pradesh State Financial Corporation
46. Housing and Urban Development Corporation

6. All the departments of Secretariat, Heads of Departments and Heads of State Government / Quasi Government undertaking and all other Government Institutions/ Corporations are advised to deposit the Government funds in the above banks/ institutions only, by scrupulously following the guidelines /conditions enlisted below:

GUIDELINES /CONDITIONS FOR DEPOSITING OF GOVERNMENT MONEY/FUNDS WITH NOTIFIED BANKS/ INSTITUTIONS:

- I. The Banking institution should have participated in the Priority Sector lending as per the norms stipulated by the Reserve Bank of India and also in the sponsored schemes of the State Government during the previous financial year. The performance of the notified banks will be judged by Finance Department through SLBC at the State Level and of individual branches, at the district level by a District Level Committee headed by the District Collector.
- II. At the District Level a committee comprising of the Collector, Project Director of District Rural Development Agency and Lead Bank Manager (LDM) will assess the performance of the participating bank branches in Government Schemes. The District Level Committee shall identify the eligible branches of the banks notified by the Finance Department, depending upon their performance in the Annual Action Plan.
- III. Normally, all Government Departments/Undertakings / Agencies and all other Government Institutions or Corporations shall keep their funds, in the Treasury or the PD Account. However, whenever Government funds are drawn from Treasury or PD account and kept with the Banking Institutions, such funds shall be kept as short term/ long term deposits and appropriate interest shall be earned on these deposits. At no point of time should more than 10% of term deposit be kept in the current account for immediate use to implement Government Programmes. This should be reviewed on a monthly basis by the Department / Institution /Corporation concerned.
- IV. Each Government Department/Undertaking/Agency/ all other Government Institutions and corporations shall obtain proposals from at least three notified Banks regarding the banking services and deposit interest rates offered by them, to decide on placement of funds. No Government Department /Undertaking/ Agency/ other Government Institutions/ Corporations shall have deposits or Bank Accounts with more than three Banks. The overriding consideration in all these decisions shall first be the safety of funds followed by the rate of interest and other banking services being offered by the Banks.
- V. The most important consideration being security of Government funds, the Government shall be reviewing the soundness of banks in consultation with the RBI and lay- down guidelines for the placement of funds from time to time, by excluding weak and vulnerable institutions/ banks.
- VI. All Banks that receive deposits from Government Department / Undertakings/Agencies/ other Government Institutions & corporations; shall submit a monthly return as per the **proforma appended, by 10th of every month** their branch-wise information regarding deposits kept by the Government Departments/ Agencies, to the Finance (IF) Department in electronic form as well as in hard copy. Persistent delay/ default in complying with this requirement may result in de-notification of the banks concurred.
- VII. Finance Department of the Government will have the right, if necessary, to sequester the deposits kept in banks by Government Department /Undertakings/Corporations and other Government Agencies. The concerned bank shall comply with the directions of the Finance Department to transfer such deposits or portion thereof to any other institution(s)/ bank(s) indicated.
- VIII. Finance Department of the Government shall also have the right to direct the Government Departments/ Undertakings/ corporations /Agencies to transfer the funds to their PD Account or to the account of any other institution(s) and the Departments/Undertakings/Agencies/ concerned Banks shall immediately comply with such directions.

7. Banks which have not been listed for the placement of Government Funds are however, not prohibited to do normal business with Government /Departments such as issuing and accepting cheques, drafts and other negotiable instruments and to do the normal banking transactions with the Government Departments.
8. These orders shall come into force with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

I.Y.R. KRISHNA RAO
PRINCIPAL FINANCE SECRETARY TO GOVERNMENT

To
All the Departments of Secretariat.
All the Managing Directors of Corporations and State Government Undertakings.
All the commissioners/ Heads of Departments.
All District Collectors/ Project Directors of District Rural Development Agencies.
All the Banks.

Copy to
Private Secretary to Spl. Chief Secretaries/ Pri. Secretaries / Secretaries to Government.
The Registrar of A.P.High Court, Hyderabad.
The Regional Director, Reserve Bank of India, Hyderabad.
The General Manager & Convener, State Level Banker's Committee, Andhra Bank, Hyderabad.
All Sections in Finance Department (15 copies).
All Sections in planning Department.
SF/SC

APPENDIX

STATEMENT SHOWING THE DEPOSITS MADE BY THE GOVT.DEPARTMENTS/ PUBLIC SECTOR UNDERTAKINGS WITH BANKS - POSITION AS ON -----
(last working day of the Month).

Name of the Bank:		Branch:		
Sl.No	Institution /Dept. which Deposited the amount	Amount of Deposit (Rs.in Lakhs)		Total
		Saving/current Deposit	STDRTerm Deposit	
1	2	3	4	5

//FORWARDED:: BY ORDER//

SECTION OFFICER